

Members

Rep. Brian Bosma, Chairperson
Rep. Russell Stilwell
Sen. Richard Young
Sen. Thomas Wyss



LEGISLATIVE COUNCIL ECONOMIC DEVELOPMENT CORPORATION SUBCOMMITTEE

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MEETING MINUTES¹

Meeting Date: August 20, 2003
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington
St., Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Rep. Brian Bosma, Chairperson; Rep. Russell Stilwell; Sen. Richard Young; Sen. Thomas Wyss.

Members Absent: None.

I. Call to Order

Representative Brian Bosma, Chairperson, called the meeting to order at 10:13 A.M.

II. Public Testimony

The Chairperson described the agenda for this meeting and then introduced Lieutenant Governor Joseph Kernan to testify.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Lieutenant Governor Kernan gave a PowerPoint presentation concerning the current organization of the Department of Commerce and the processes through which changes were made to reorganize the Department. (Available from the Legislative Information Center as Exhibit 1.) He indicated that he and his staff are available to assist the Subcommittee in its work.

The Subcommittee discussed with Lieutenant Governor Kernan the following items:

- (1) The reasons behind the loss of manufacturing jobs.
- (2) The retention of people with bachelor's degrees.
- (3) The consulting report from Market Street Services concerning the delivery of economic development programs.
- (4) Budgeting for and attracting good people to work in the Department of Commerce.
- (5) The transformation of the Department of Commerce into the Indiana Economic Development Corporation.
- (6) His thoughts on where agriculture, tourism, energy policy, and community development programs should be located.
- (7) The usefulness of 12 regional offices.
- (8) The Energize Indiana program and its effects on economic development.
- (9) His thoughts on the role of the Governor in economic development.

The Chairperson next recognized John Livengood, spokesperson for the Promote Indiana Coalition, to testify. Mr. Livengood discussed the Coalition's outlook on the reorganization. He asked that the Indiana Tourism Council be given time to work on a proposal for the Subcommittee. He proposed various legislative options to help tourism, including repeal of the provision imposing sales tax on complimentary hotel rooms.

The Chairperson called upon Dionne Winiski, Northern Indiana Tourism and Development Commission, to testify on the reorganization. She indicated that she agreed with the preliminary assignment of programs to the Department of Tourism and Community Development made in Table A-1 (distributed at the July 16 meeting). She suggested that some functions should be delegated to regional groups and managed at local level. She indicated that regional offices were a useful means of matching programs with local needs.

John Resig, Mike the Pike Films, discussed the impact of film production on economic development. Mr. Resig stated that the Indiana Film Commission does not have the tools or the strategy to attract film production to Indiana. He cited lack of awareness, lack of a state marketing campaign, and lack of incentives as barriers to attracting more film makers to Indiana. He supported his statements with a handout entitled "Feature Film Production Indiana Opportunity". (Available from the Legislative Information Center as Exhibit 2.)

Dennis Carson, Executive Director of the Lafayette Urban Enterprise Zone, testified. Mr. Carson suggested that enterprise zone programs are designed mainly be economic development programs and should be transferred to the Indiana Economic Development Corporation.

A letter received by the staff from Pamela J. King, President of the Association of Indiana Enterprise Zones, was distributed to the members. (Available from the Legislative Information Center as Exhibit 3.) The letter indicates a preference for organizing the

enterprise zone programs in the Indiana Economic Development Corporation.

A letter received by the staff from Sherry Seiwert, Program Director for the Indianapolis Local Initiatives Support Coalition, and Phillip L. Bayt, Co-Chairman of the FOCUS Initiative, was distributed to members. (Available from the Legislative Information Center as Exhibit 4.) The letter suggests that the Department of Tourism and Community Development be closely linked to Indiana's economic development activities. It also suggests that the preliminary placement of programs in Table A-1 is appropriate, public discourse and participation will be enhanced through the application of administrative adjudication to all newly created departments, and an advisory committee for the Indiana Economic Development Corporation will improve the quality of its efforts.

Dorinda Heiden, President of the Whitley County Economic Development Council, testified. Ms. Heiden said that lots of economic development decisions are made by local officials. The state structure should be oriented to assisting local efforts. An advisory committee with broad representation would be a good addition. She also said the 12 regional offices in the Department of Commerce have become very beneficial.

Christy Gillespie, Executive Director of the Indiana Association for Community and Economic Development, testified. Ms. Gillespie distributed her comments in written form, entitled "Public Comment on the Reorganization of Community & Economic Development Functions", to the Subcommittee. (Available from the Legislative Information Center as Exhibit 5.) She supports a separate Office of Tourism and Community Development. She observed that community development efforts must be closely coordinated with economic development efforts. She encouraged economic development staff to be expert in the area of community development. She requested that adequate funding be appropriated. She gave the opinion that these agencies ought to report to the Lieutenant Governor. She otherwise agreed with the preliminary assignment of programs listed in Table A-1.

Bill Konyha, Executive Director of the Tipton County Economic Development Corporation, testified. He said that his members were surprised by the passage of the legislation transferring Department of Commerce programs. They had no voice in crafting the legislation. He said he is concerned that no local economic organization board members or officers are on the Indiana Economic Development Corporation Board. He suggested that several members be appointed to the Board. He also suggested that a more representative advisory board be created. He supported continued staffing of regional offices for the near term. He observed that this approach can be effective when the regional personnel are attuned to the needs of the region they serve. He suggested that regional offices be retained to determine if they are effective, but that they need not to be mandated by statute.

Don Villwok, President of the Indiana Farm Bureau, testified and distributed a written copy of his remarks. (Available from the Legislative Information Center as Exhibit 6.) Mr. Villwok was concerned that there is an inadequate focus on agricultural issues at the state level. He said that completion of a reorganization without consideration of the needs of agriculture would represent a lost opportunity. He said that creation of a separate Commission on Agriculture with its own staff may be the answer. He said the Commission could operate with the same number of personnel as the number assigned to agricultural matters in the Office of the Lieutenant Governor.

The Subcommittee took a lunch break at Noon. The Subcommittee reconvened at 1:12 P.M.

Ed Roberts, Indiana Manufacturer's Association, spoke to the Subcommittee. He noted that many states put economic development programs directly under the Governor. He suggested that successful state programs rely on benchmarked outcomes. He noted that the Market Street Services study recommended that a separate economic development corporation be formed. He noted that it is important to figure out where, as a state, Indiana wants to go. He recommended a customer driven approach and more emphasis on growing existing employers.

Reggie Henderson, Indiana Chamber of Commerce, spoke to the Subcommittee. He noted that HB 1829 (2003), as introduced, designated the Governor as the Chair of the Corporation Board. He distributed a handout detailing the results of his research into the organization of economic development programs in other states. (Available from the Legislative Information Center as Exhibit 7.) He compared efforts in West Virginia, Virginia, Pennsylvania, and Michigan. He expressed a preference for many of the features of the Michigan program. He noted that broad-based advisory groups, strong governor involvement, a quasi-independent staff, and competitive salary structures were features of these programs. Michigan has the largest advisory board.

Mark Shublak distributed written testimony from Cam Carter, President of TechPoint. (Available from the Legislative Information Center as Exhibit 8.) Mr. Carter has no objections to the preliminary reorganization proposals in Table A-1. He recommends that the Indiana Economic Development Corporation be given an adequate budget.

Raj Roa, President of the Indiana Municipal Power Agency, testified to the Subcommittee. He handed out a copy of his remarks. (Available from the Legislative Information Center as Exhibit 9.) He supported the concept of the Indiana Economic Development Corporation. He suggested that it be organized in a fashion similar to the Indiana Municipal Power Agency, with a business operating model and a strong culture of accountability. He recommended that more individuals who are stakeholders in Indiana's future be on the Board.

Rich Carlucci, Plainfield Town Manager, spoke to the Subcommittee. He indicated that he is sharing a local perspective on the reorganization on behalf of the Association of Indiana Cities and Towns. He said that he is happy with the efforts of the Department of Commerce, particularly the implementation of regional offices. He observed that economic development is strongly influenced by the quality and quantity of local efforts. He proposed that the state establish an ombudsman to assist communities who must work with the Department of Natural Resources, the Indiana Department of Environmental Management, and the Indiana Department of Transportation.

III. Report on the Organization of Economic Development Activities in Other States.

The Chair introduced Jim Landers, Fiscal Analyst from the Legislative Services Agency. Mr. Landers summarized his survey of commerce practices in other states. He distributed a memorandum entitled "Survey of States with Corporate Model for Economic Development-Preliminary Results". (Available from the Legislative Information Center as Exhibit 10.) He noted that six states have had experience with a corporate-style entity that is assigned to

operate state economic development and related programs. The states assign different combinations of programs to their corporations. Michigan and Florida have quasi-independent corporations with broad authority. New Jersey, Rhode Island, Virginia, and Wyoming also have programs.

IV. Status Report on the Preparation of Legislation to Reorganize Economic Development, Community Development, Tourism, and Energy Policy Statutes

The Chair recognized Ed Gohmann, Staff Attorney from the Legislative Services Agency, to give a status report on the development of legislation. He distributed a memorandum entitled "Outline of Proposed Reorganization of Economic Development Statutes. (Available from the Legislative Information Center as Exhibit 11.) He noted that the Outline is based on the general statutory organization proposal adopted by the Subcommittee at its July 16 meeting.

V. Other Business

The Subcommittee discussed various aspects of the project. The Subcommittee authorized the Staff to prepare Preliminary Drafts for Subcommittee review. Various members noted that there were a number of issues that require further consideration before a final product is adopted.

VI. Adjournment

The Subcommittee set the next meeting for September 17, 2003 at 10:00 A.M. (Note: The meeting was later rescheduled for September 24, 2003.)

The Chairperson adjourned the meeting at 2:55 P.M.